

1 **DECL**

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8 **DISTRICT COURT**

9 **CLARK COUNTY, NEVADA**

10 STEVEN C. JACOBS,

11 Plaintiff,

12 v.

13 LAS VEGAS SANDS CORP., a Nevada
corporation; SANDS CHINA LTD., a
14 Cayman Islands corporation; DOES I
through X; and ROE CORPORATIONS
15 I through X,

16 Defendants.

Case No.: A-10-627691

Dept. No.: XI

**DECLARATION OF STEVEN C.
JACOBS**

17 AND RELATED CLAIMS

19 I, STEVEN C. JACOBS, declare as follows:

20 1. I am the plaintiff in the above-captioned matter, and I make this Declaration in
21 support of Plaintiff's Status Memorandum filed pursuant to this Court's directive during the status
22 conference held on May 24, 2012.

23 2. I am over eighteen years of age and am competent to testify to the matters stated
24 herein. I have personal knowledge of the following, unless stated upon information and belief,
25 and can and do competently testify thereto.

26 3. I have reviewed most of the non-attorneys' eyes only documents produced by
27 Defendants Las Vegas Sands Corp. ("LVSC") and Sands China Ltd. ("Sands China") (LVSC and
28 Sands China are collectively referred to as "Defendants") (before the latest production received

1 this week) and in response to the written discovery requests my counsel served on my behalf in
2 this action. Based upon that review, there are a number of responsive documents that I know to
3 have existed from my tenure with LVSC that have not been produced. I also know that there are
4 various subject matters and deals in which I was not involved, purposefully or otherwise but have
5 good cause to believe that documents exist. There existed certain matters that Sheldon G. Adelson
6 ("Adelson") and Michael Leven ("Leven") handled on their own with little to no disclosure to me.
7 Via this declaration, I provide only a few examples of some documents that do exist and/or that I
8 have reason to believe exist based upon my experience with the Defendants but have not been
9 produced.

10 4. *Mike Leven Controlled Operations and Directed Activities of Sands China.*

11 During the period from May 2009 through the morning of July 23, 2010, Leven was
12 extensively involved in running the day-to-day operations of Sands China from Las Vegas.
13 E-mails, documents, and correspondence not yet produced in this action, and which relate to the
14 jurisdictional issue of LVSC exercising direction and control of Sands China from Las Vegas
15 include documents that reflect the following: Leven's authorization and participation in the
16 negotiation of the deal with Harrah's; instructions and mandates to negotiate deals for
17 Parcels 5 & 6 (located in Macau) including negotiating/concluding deals with Starwood Hotels &
18 Resorts regarding the proposed Sheraton and St. Regis Tower in Macau, as well as Cirque
19 Du Soleil and/or Base Entertainment productions for Sands China's entertainment venues;
20 authorizing travel to finalize the apartment/hotel deal with Four Seasons in Macau; documents
21 related to Leven's authorization, negotiation, and/or direction of special terms and conditions for
22 severance payments to Sands China employees terminated by Adelson's mandate without cause;
23 authorization for the resolution of Sands China litigation (e.g., employment matters, joint venture
24 issues related to Parcel 3; discussions related to selling Parcels 7 & 8 to Stanley Ho); moving
25 assets out of Sands China and redirecting the economic benefits to LVSC; liability transfers
26 between LVSC and Sands China; authorizing and participating in explorative meetings regarding
27 the sale/joint venture of JV of the malls; setting bonus targets and plans for Sands China Senior
28 Executives and employees without review or approval by the Sands China Board; the firing of the

1 President and CEO of Sands China without prior Sands China Board review and approval despite
2 known conflicts of interest and without following the Hong Kong Stock Exchange's procedural
3 requirements; authorizing and ordering the investigation of Macau government officials via the
4 "Leverage Strategy" directed by Leven and Adelson; instructing vendors providing services to
5 Sands China that Sands China representatives could not sign contracts on behalf of Sands China,
6 but that contracts must be agreed to by Leven and/or LVSC; hiring and instructing U.S.-based
7 sign companies to install new signage within the Venetian Macau mall; and giving instructions
8 regarding investigations and subsequent junket reviews; agreeing and approving the removal of
9 Leonel Alves from Sands China and subsequent rehiring; authorization and instructions regarding
10 the execution of the deal with Playboy related to Parcels 5 and 6, including but not limited to
11 notes associated with his dinner meeting with Playboy Executives prior to the deal being
12 concluded among others.

13 5. ***LVSC Prostitution Strategy for Macau.*** E-mails and documents missing from
14 Defendants' production demonstrate LVSC's Executive Management's control and direction from
15 Las Vegas over acts of prostitution on Sands China's properties. As background, shortly after my
16 arrival to Macau in May 2009, I launched "Operation Clean Sweep" designed to rid the casino
17 floor of loan sharks and prostitution. This project was met with concern as LVSC Senior
18 Executives informed me that the prior prostitution strategy had been personally approved by
19 Adelson. Missing documents include but are not limited to e-mails and notes between myself and
20 Mike Leven concerning Adelson's direct involvement, e-mails between Mark Brown and Senior
21 LVSC Executives/Board members confirming the implementation of the strategy and highlighting
22 its "success." Hard copies of these files were kept in my office drawer in a folder labeled
23 "Outrageous." Again, these documents and e-mails will demonstrate control by LVSC executives
24 from Las Vegas on matters of great import.

25 6. ***Misuse of Blue Cards and Illegal Workers in Macau.*** During the summer of
26 2009, I commissioned an internal audit of foreign workers and their work permits, known as Blue
27 Cards. Shortly after the audit was concluded, over 2000 employees were terminated. In the fall
28 of 2009, the Macau government began enforcing its laws regarding the hiring and use of

1 unauthorized foreign labor. To ensure compliance with Macau law, I instructed all Sands China,
2 Venetian Macau Limited, and related company department heads and/or direct reports to audit
3 their departments and to attest that they had reviewed the records of all foreign workers, including
4 their blue cards. The Design and Construction department refused to audit and attest and, in the
5 midst of the Sands China IPO, the Senior Executive in charge of Design and Construction
6 resigned. Mike Leven intervened. According to Leven, Sands China growth would be at risk
7 without the hiring and use of illegal construction workers and he overruled my instructions to
8 audit and attest in order to, in his words, "save the IPO" of Sands China.

9 Missing documents include communications and e-mails that I know exist between Leven,
10 LVSC Board members, legal counsel, investment bankers, internal audit reports, myself and the
11 Executive(s) in charge of Design and Construction. These communications and documents reflect
12 Leven's instruction, direction, control, and decision making on behalf of what was surely a Sands
13 China issue, including, but not limited to his "solution" which was to unilaterally move the
14 department and its employees off the Macau payroll into Singapore, and to maintain the existing
15 workforce (legal and/or illegal) through the use of the Shared Services Agreement. To my
16 knowledge, none of these documents have been produced.

17 7. *Termination of Legal Services Rendered By Leonel Alves to Sands China,*
18 *LVSC's Mandate That His Services Be Continued And The Subsequent Rehiring of Leonel*
19 *Alves Post My Departure.* Other documents missing from Defendants' production to date include
20 multiple e-mail requests from Adelson to Alves to arrange private meetings with high ranking
21 Chinese Officials and/or to "hand deliver" personal correspondence to the same; an investigative
22 report on Ng Lapseng; e-mails from Alves requesting \$300M USD for obtaining Strata-Title to
23 the Four Seasons Hotel and resolution of the Taiwanese law suit, e-mails from me to LVSC
24 executives stating that I would not participate; e-mails relating to issues regarding overbilling by
25 Alves' firm; the investigative report conducted on Alves which was shared with the LVSC audit
26 committee in early 2010 (referred to within LVSC as "The Alves Report"); e-mails concerning the
27 wind down and termination of Alves' services by me; e-mails and communications with the
28 Nevada Gaming Control Board relating to Alves, the Alves Report; e-mails and communications

1 between Alves, Leven and/ or Adelson concerning his offer to take over the entire Sands China
2 legal department at no cost provided existing employees were terminated; e-mails and
3 communications between Adelson, Leven and/or Betty Yurich (on behalf of Adelson) regarding
4 the services provided following the termination of Alves' services Sands China; and
5 communications and e-mails between LVSC and Sands China Board members regarding Alves'
6 rehire as outside counsel following my departure. Again, LVSC executives, from and in Las
7 Vegas, controlled the services Alves provided to and for Sands China, even overruling Sands
8 China management and circumventing the Sands China Board on these issues.

9 8. ***LVSC Solicitation and Role In The Solicitation and Hiring of Ed Tracy.***

10 Defendants have not included any documents in their production related to LVSC Executives'
11 roles in the hiring of Sands China executives, including Ed Tracy. Shortly after my departure,
12 Mike Leven publically stated that LVSC had been looking for replacements and Senior
13 Executives for Sands China "since February of 2010." Ed Tracy was hired shortly after my
14 termination. Defendants have not produced e-mails between Leven, Adelson, Rob Goldstein,
15 Ken Kay, the LVSC Board of Directors and/or the Sands China Board as it relates to the sourcing,
16 recruitment, interviewing and hiring of Tracy. Also missing from production are e-mails,
17 correspondence and files concerning Tracey's suitability including but not limited to disclosures
18 made to the Sands China Board, the Nevada Gaming Control Board and/or the LVSC Compliance
19 Committee. These documents will reveal that LVSC directed and controlled the recruitment and
20 hiring of Tracy from Las Vegas.

21 9. ***Marketing Plus: The Chairman's Club.*** Also missing from Defendants'

22 production are program details, e-mails, correspondence and personal letters from Adelson to the
23 upper most echelon of Sands China's customers inviting and/or welcoming them to the most
24 exclusive club within LVSC -- The Chairman's Club. These documents will show that the
25 Chairman's Club is controlled by Adelson, Chairman of LVSC, and LVSC personnel. Each
26 member of the club is given exclusive access to Sands China's most luxurious suites, six figure
27 monthly "per diems" and extremely large lines of credit. Also missing from the production are
28 background reports conducted on Chairman Club members at the direction of LVSC executives,

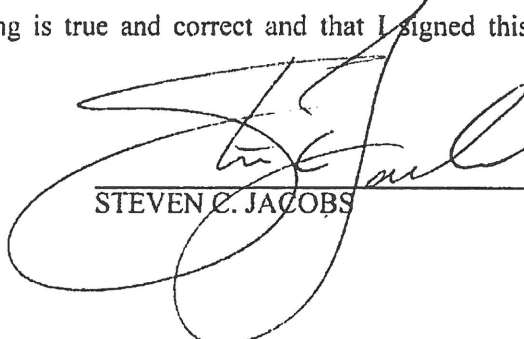
1 correspondence and communications regarding the club and its members to the Nevada Gaming
2 Control Board, and e-mails concerning the approval and issuance of credit, collections and/or
3 write-offs to or for the benefit of club members, who include known and/or suspected Triad
4 leaders.

5 10. ***Marketing Plus: LVSC's Identification, Solicitation and Control of Whales and***
6 ***Junkets To Play In Macau.*** LVSC had direct control and responsibility for identification,
7 solicitation and recruitment of the majority of all credit accounts for individuals who played in
8 Macau, including but not limited to Whales ("High Rollers") and Junkets. Missing from
9 Defendants' production are e-mails and other documents that reflect direct sales efforts by LVSC
10 in China, Indonesia, Korea, and the Middle East to identify, solicit, recruit and enable high net
11 worth individuals to gamble in Macau. Documents will show that instructions came from LVSC
12 executives, including quotas, tracking, player identification, amounts/bonuses paid, and
13 recruitment visits by LVSC executives/employees, Goldstein included, to solicit, arrange, and/or
14 transport players (and/or their money) into and/or out of Macau. The efforts were taken in and
15 directed from Las Vegas.

16 11. ***LVSC's Control of Credit, Collections and Write-Offs.*** Without touching upon
17 documents that reflect the physical couriering of funds from Macau to Las Vegas, Defendants
18 have failed to produce documents that reflect LVSC's control (from Las Vegas) of Sands China's
19 policies for credit, collections, and write-offs for Macau Government Officials, Executives of
20 China State Owned Enterprises and government employees. Also missing from production are
21 records and related e-mails, correspondence and communications between Sands China and
22 LVSC concerning LVSC's collection efforts for debts owed to Sands China from LVSC
23 Whales/high-rollers. In addition, Defendants have not produced e-mails or other communications
24 exchanged between LVSC executive Rob Goldstein, Larry Chiu, their direct reports and patrons
25 numbered 71646, 530636, 746600, 542706, 3272980, 3898206, and 3728791, among others.
26 These documents demonstrate that Sands China financial activities and decisions were made by
27 and/or at the instruction of LVSC executives and/or employees. In particular, with regard to
28 71646, there are documents (though not produced) that demonstrate that LVSC authorized a \$16

1 million write off on Sands China's books for this player's debt, and then subsequently flew him
2 (and his wife) to Las Vegas aboard LVSC's 747, extended him credit, and allowed him to play.
3 Documents not yet produced will also demonstrate that LVSC approved this individual to operate
4 an unlicensed Junket in Macau.

5 12. I declare under penalty of perjury under the laws of the State of Florida and United
6 States of America that the foregoing is true and correct and that I signed this Declaration on
7 June 27 2012.

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STEVEN C. JACOBS